

P.A. RESOURCES BERHAD (Company No. 664612-X)
(Incorporated in Malaysia)

P.A. RESOURCES BERHAD
UNAUDITED INTERIM FINANCIAL STATEMENT

FOR FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

P.A. RESOURCES BERHAD (664612-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2016**

(The figures have not been audited)

	As at 30-Sep-16 (Unaudited) RM'000	As at 30-Jun-16 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	77,147	78,199
Deferred tax assets	1,212	-
	<u>78,359</u>	<u>78,199</u>
Current assets		
Inventories	12,389	10,857
Trade receivables	43,893	48,399
Other receivables, deposits and prepayments	7,222	10,353
Tax refund receivables	1,962	1,910
Cash and bank balances	1,469	1,981
	<u>66,934</u>	<u>73,500</u>
Total assets	<u><u>145,293</u></u>	<u><u>151,699</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	94,653	94,653
Reserves	(8,956)	(7,153)
	<u>85,697</u>	<u>87,500</u>
Non-controlling interest	(3,320)	(3,320)
Total equity	<u><u>82,378</u></u>	<u><u>84,180</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,160	1,441
Deferred taxation	-	-
	<u>1,160</u>	<u>1,441</u>
Current liabilities		
Trade payables	5,543	10,667
Other payables and accruals	6,523	5,659
Borrowings	48,429	49,689
Provisions	-	-
Taxation	1,260	63
	<u>61,755</u>	<u>66,078</u>
Total liabilities	<u>62,915</u>	<u>67,519</u>
Total equity and liabilities	<u><u>145,293</u></u>	<u><u>151,699</u></u>
Net assets per share attributable to equity holders of the Company (sen)	<u><u>9.46</u></u>	<u><u>9.66</u></u>

The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited financial statements for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	Quarter		Cumulative Quarter
	3 months ended		
	30-Sep-16	30-Sep-15	
	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000
Revenue	23,754	32,177	23,754
Cost of sales	(22,888)	(29,798)	(22,888)
Gross profit	866	2,378	866
Other income	103	132	103
Other operating expenses	(81)	1,952	(81)
Distribution and administrative expenses	(1,928)	(2,427)	(1,928)
Operating profit	(1,042)	2,036	(1,042)
Finance costs	(760)	(756)	(760)
Profit before taxation	(1,803)	1,279	(1,803)
Tax expenses	-	-	-
Profit for the period	(1,803)	1,279	(1,803)
Other comprehensive income			
Deferred tax on revaluation surplus transferred	-	-	-
Total comprehensive profit for the period	(1,803)	1,279	(1,803)
Profit attributable to:			
Owner of the Company	(1,803)	1,279	(1,803)
Non-controlling interest	-	-	-
	(1,803)	1,279	(1,803)
Total comprehensive profit attributable to:			
Owner of the Company	(1,803)	1,279	(1,803)
Non-controlling interest	-	-	-
	(1,803)	1,279	(1,803)
Net profit per share for profit attributable to the owners of the Company:			
Net profit per share (sen)	(0.20)	0.14	(0.20)

The condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the 15 months period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

Note : There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in financial year end from 31 March to 30 June in the preceding financial period.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

(The figure have not been audited)

	Attributable to equity holders of the Company							Distributable Retained Earnings RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000	Capital Redemption Reserve RM'000	Other Capital Reserve RM'000			
As at 1 July 2016	94,653	1,490	-	11,612	(53)	2,891	12,065	(35,157)	(3,320)	84,181
Total comprehensive loss for the year	-	-	-	-	-	-	-	(1,803)	-	(1,803)
As at 30 September 2016	94,653	1,490	-	11,612	(53)	2,891	12,065	(36,960)	(3,320)	82,378

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

Note : There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in financial year end from 31 March to 30 June in the preceding financial period.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	3 months ended 30-Sep-16 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipt from customers and others	33,569
Payment to suppliers, contractors and employees	(37,246)
Interest paid	(760)
Income tax paid	(51)
Net cash generated from / (used in) operating activities	<u>(4,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	5
Purchase of property, plant and equipment (Note A)	(794)
Net cash used in investing activities	(789)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceed from trade bills payables	702
Repayment of term loans	(1,282)
Repayment of hire purchase liabilities	(63)
Increase in fixed deposits pledged	(4)
Net cash generated from financing activities	<u>(647)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(5,924)</u>
Effect of foreign exchange fluctuations	20
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>(8,391)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>(14,295)</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Bank overdrafts	(14,836)
Deposits, cash in hand and at banks	1,469
Fixed deposits pledged	(927)
	<u><u>(14,295)</u></u>

NOTE TO THE CASH FLOW STATEMENTS**NOTE A - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	3 months ended 30-Sep-16 (Unaudited) RM'000
The Group acquired property, plant and equipment by way of the following:	
Hire purchase	-
Cash equivalents payments	794
At cost	<u><u>794</u></u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for 15 months period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

Note : There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in financial year end from 31 March to 30 June in the preceding financial period.

NOTES TO THE INTERIM FINANCIAL REPORT
(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2016 which was prepared in accordance with Financial Reporting Standards (“FRS”).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those of the audited financial statements for the financial period ended 30 June 2016, except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRS, IC Interpretation and Amendments to MFRS that are applicable and effective for the Group’s financial period on or after 1 July 2016 as follows:

MFRS 9	Financial Instruments
MFRS 14	Regulatory Deferral Account
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Ventures
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture : Bearer Plants
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exemption
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 – 2014 cycle	

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the audited financial statements of the Group for the financial period ended 30 June 2016 was not subject to any qualification.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected materially by any seasonally or cyclical factors for the financial quarter under review.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There are no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter and financial period-to-date.

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6. CHANGES IN ESTIMATES

There was no material changes in the estimates used for the presentation of this interim financial statement.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities for the financial quarter ended 30 September 2016.

8. DIVIDENDS PAID

No dividend was paid during the current financial period.

9. SEGMENTAL INFORMATION

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflects the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker, which is defined as the Executive Board.

The Group is focused in six areas of activity, extrusion and fabrication, aluminum billets and tolling, construction contract, renewable energy, money lending and others.

<u>3 months</u> <u>year ended</u> <u>30.9.2016</u>	Extrusion and fabrication RM'000	Aluminium billets and tolling RM'000	Construction contract RM'000	Renewable Energy RM'000	Money Lending RM'000	Others RM'000	Total RM'000
Revenue							
Total Sales	27,464	20,069	1,157	1,168	132	-	49,990
Inter-segment sales	(6,281)	(19,955)	-	-	-	-	(26,236)
External sales	21,183	114	1,157	1,168	132	-	23,754
Results							
Profit from operation	(1,044)	405	(605)	74	81	47	(1,042)
Finance costs	(293)	(309)	(2)	(156)	-	-	(760)
Taxation	-	-	-	-	-	-	-
Profit after taxation							(1,803)
Assets							
Segment assets	129,655	60,177	11,876	17,936	10,577	(86,140)	144,081
Liabilities							
Segment liabilities	(122,616)	(37,010)	(23,548)	(14,621)	(8,366)	144,420	(61,741)

9. SEGMENTAL INFORMATION (Cont'd)

<u>3 months</u> <u>year ended</u> <u>30.9.2016</u>	Extrusion and fabrication	Aluminium billets and tolling	Construction contract	Renewable Energy	Money Lending	Others	Total
<u>Assets</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information:							
Capital expenditure	761	-	33	-	-	-	794
Depreciation	1,562	199	64	22	-	-	1,847

There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in financial year end from 31 March to 30 June in the preceding financial period.

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

In line with the Group's policy, the properties of the Group were revalued during the last financial year and the resultant revaluation surplus were credited to revaluation surplus in the financial period ended 30 June 2016.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current financial quarter.

12. CHANGES IN COMPOSITION OF THE GROUP

There was no change to the composition of the group during the quarter under review.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last statement of financial position as at 30 June 2016.

14. CAPITAL COMMITMENTS

There was no material capital commitment for the quarter under review.

PART B - NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. PERFORMANCE REVIEW

	Year To Date 30-September Revenue		Year To Date 30-September Operating Profit / (Loss)	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	21,183		(1,044)	
Aluminium billets and tolling	114		405	
Construction contract	1,157		(605)	
Renewable energy	1,168		74	
Money lending	132		81	
Others	-		47	
	<u>23,754</u>		<u>(1,042)</u>	

Extrusion and fabrication

Turnover for the quarter under review was RM21.2m with an operating loss of RM1.04m. The main reason for the loss was the low turnover which was unable to generate sufficient margins to cover overheads.

Aluminium billet and tolling

This segment recorded an internal and external sales of RM20.0m with an operating profit of RM0.4m. This segment has been performing steadily with consistent sales and operational profits.

Construction contract

This segment only managed to generate sales of RM1.1m for the current quarter. The low turnover was mainly due to the difficulty in securing new projects, hence resulting in an operational loss of RM0.6m.

Renewable Energy

Despite the difficult conditions faced by this segment, an amount of RM1.2m in turnover was achieved. This has resulted in this segment recording an operational profit of RM0.07m.

Money Lending

This segment recorded a steady turnover of RM0.1m which generated an operating profit of RM0.08m.

Others

This was mainly expenses incurred by the holding company and other dormant companies.

There are no comparative figures disclosed for the cumulative quarter of the preceding period following the change in financial year end from 31 March to 30 June in the preceding financial period.

16. QUARTERLY RESULTS COMPARISON

	Quarter ended		Quarter ended	
	Revenue		Operating Profit / (Loss)	
	30-Sept-2016	30-June-2016	30-Sept-2016	30-June-2016
	RM'000	RM'000	RM'000	RM'000
Extrusion and fabrication	21,183	25,898	(1,044)	(3,271)
Aluminium billets and tolling	114	265	405	509
Construction contract	1,157	284	(605)	(1,173)
Renewable energy	1,168	383	74	3
Money lending	132	136	81	74
Others	-	-	47	(33)
	<u>23,754</u>	<u>26,966</u>	<u>(1,042)</u>	<u>(3,891)</u>

Extrusion and fabrication

This segment achieved a turnover of RM21.2m compared to RM25.8m in the previous quarter. Despite the lower turnover, operational losses reduced to RM1.04m compared to RM3.2m previously. The higher losses recorded previously was mainly due to year end write off of obsolete equipment.

Aluminium billet and tolling

The turnover for this segment is consistent with that of the previous quarter, RM20.0m compared to RM19.4m. Operational profits was slightly lower at RM0.4m compared to RM0.5m.

Construction contract

The current quarter's turnover of RM1.1m is higher than that of the RM0.3m recorded in the previous quarter. In line with the higher turnover, operational losses reduced to RM0.6m from RM1.2m.

Renewable Energy

Turnover for this quarter was much higher than that of the previous quarter, RM1.2m compared to RM0.4m. In line with the higher turnover, operating profits increased to RM0.07m compared to breaking even previously.

Money Lending

Loans for both quarters were consistent at RM0.1m in each quarter. Operational profits were also consistent at RM0.08 m and RM0.07m.

17. COMING QUARTER PROSPECTS

Extrusion and fabrication

The management is making all efforts for higher sales in order to achieve profitability.

Aluminium billet and tolling

This segment should continue to be positive as volume has been consistent in the past and this is expected to continue.

Construction contract

Competition for this sector continues to be intense. The management is reviewing all operational issues and costs in an effort to compete effectively.

Renewable Energy

This segment is becoming increasingly competitive, hence more efforts are being put in to secure higher sales in the future.

Money Lending

This business is expected to maintain its profitability in the coming quarters.

18. PROFIT FORECAST OR PROFIT GUARANTEE

No profit forecast or profit guarantee has been issued by the Group.

19. RELATED PARTY TRANSACTIONS

- (i) There were no related party transactions entered into by the Company and/or its subsidiaries during the financial period to date.
- (ii) There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

20. TAXATION

	Current Quarter 30-Sept-2016 RM'000	Current Year To Date 30-Sept-2016 RM'000
Current period / year:		
- current taxation	-	-
- deferred taxation	-	-
	<hr/>	<hr/>
	-	-

The taxation of the Group and the Company, is determined by applying the Malaysian income tax rate @ 24% to profit before taxation as stipulated in paragraph 2A, schedule 1, part 1 of the Income tax Act, 1967.

21. STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the quarter under review.

22. GROUP BORROWINGS

The Group's borrowings as at 30 September 2016 comprise the following:-

	RM'000	RM'000
(a) Current		
Bank Overdraft (Secured)	14,836	
Trade bills payable (Secured)	25,318	
Revolving credit (Secured)	7,000	
Foreign Currency Trade Loan	-	
Hire purchase liabilities	147	
Term loans (Secured)	<u>1,128</u>	
		48,429
(b) Non-current		
Term loans (Secured)	769	
Hire purchase liabilities	<u>391</u>	
		<u>1,160</u>
		<u><u>49,589</u></u>

The above banking facilities of the Group are secured by way of:-

- (a) The Group's freehold land and factory buildings;
- (b) The Group's leasehold land and building;
- (c) Fixed deposits of the Group;
- (d) Corporate guarantee given by the Company; and
- (e) Joint and several guarantees by certain directors.

23. REALISED AND UNREALISED PROFITS AND LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and format required.

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

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	Year to date 30-Sept-2016 RM'000
Total accumulated losses of the Company and it's subsidiaries:	
- Realised	(108,303)
- Unrealised	(4,324)
	<hr/>
	(112,627)
Consolidation adjustments	75,667
Accumulated losses as per financial statements	<hr/> <hr/> (36,960)

24. DIVIDEND

No dividend has been recommended for the current financial quarter.

25. EARNINGS PER SHARE

The basic earnings per share for the financial period has been calculated by dividing the net profit/loss after tax and non-controlling interest attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

a. Basic earning per share	Quarter Ended		Year To Date
	30-Sept-2016	30-Sept-2015	30-Sept-2016
Net (loss) / profit attributable to shareholders (RM'000)	(1,803)	1,279	(1,803)
Weighted average number of ordinary shares in issue ('000)	906,241	906,241	906,241
Net (loss) / profit per share (sen)	(0.20)	0.14	(0.20)

b. Diluted earnings per share

There is no potential ordinary shares that are diluted given that the average market price of ordinary shares during the period is less than the exercise price of the warrants.

26. PROFIT / (LOSS) BEFORE TAXATION

	Quarter Ended		Year Ended	
	30-September		30-September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
This is stated after charging :-				
Depreciation on property, plant & equipment	1,847	3,546	1,847	
Foreign exchange losses / (gain)				
- realized	125	(2,218)	125	
- unrealised	(786)	(1,957)	(786)	
Interest expense:				
- term loans	158	441	158	
- hire purchase	7	18	7	
- bank overdrafts	304	430	304	
- trade line facilities	280	662	280	
- revolving credits	-	-	-	
And after crediting:-				
- allowance for doubtful debt	-	-	-	
- agency fee, net of foreign exchange effect	-	-	-	
- miscellaneous	235	213	235	
- interest income	5	37	5	

There was no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, impairment of receivables, written down of inventories, gain or loss on derivatives and exceptional items for the current quarter under review and financial year-to-date ended 30 September 2016.

27. COMPARATIVE FIGURE

The financial year end has been changed to 30 June in preceding financial year. Accordingly, no comparative figures have been shown as this is the first year the Group presents its financial statements after the change of financial year from 31 March to 30 June.

28. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of directors in accordance with a resolution of the directors on 23rd November 2016.